

CITY COUNCIL REPORT

DATE: 12/19/2016

TO: Mayor and Council Members

FROM: Rick Compau, Purchasing Director

CC: Josh Copley, Barbara Goodrich, Shane Dille, Leadership Team

SUBJECT: SOLE SOURCE PROCUREMENT

City Council requested that Staff provide information regarding a Sole Source Procurement process, including when it is applied, what the Purchasing Section does to validate this procurement methodology, and how this information can be memorialized in the City Staff Summary Report.

DISCUSSION

The City's Purchasing Section works closely with all Divisions/Sections in the purchase of materials, services and construction and makes every effort to satisfy all purchasing requests either by conducting an informal competitive quote process or a competitive formal solicitation process dependent on the dollar amount of the purchase.

The Purchasing Section make every effort to avoid Sole Source Procurement, except when no reasonable alternative sources exist. However, on occasion, we encounter situations where there is only one (1) known vendor who can provide and satisfy the purchasing request.

With regard to public sector purchasing, State Procurement Rules and the City's Procurement Code Manual, allow for purchases without competition if the Purchasing Agent determines in writing that there is only one (1) source for the required material, service or construction. The procurement methodologies used by the Purchasing Agent to validate the evidence and substantiate the Written Determination includes, but is not limited to:

- Conduct industry/market analysis by vendor and product or service;
- Review the Thomas Register of American Manufacturers, the primary source of product information and a leading product sourcing and supplier discovery platform;
- Contact other agencies through our professional "list serve" for information they may have regarding sources for products or services;

- Contact a professional expert who is familiar with the product or service; and
- Post on the City's website a "Notice of Intent to Sole Source."

Historically, since the City's Purchasing Section started tracking Sole Source Procurement, there has been an insignificant number of Sole Source purchases, with only 0%, 4% and 2% of all purchases qualifying as Sole Source in the last three years respectively (FY2014, FY2015 and FY2016).

In the event the end-user or the Purchasing Agent handling the purchase identify the purchase request as a Sole Source, there are strict guidelines outlined in the Procurement Code, under Article 18, Section 18.1 "Sole Source Evidence Request" that must be followed, which are consistent with State Procurement Rules as follows:

Section 18.1 Sole Source, Evidence Request

- A. Sole Source procurement shall not be used unless there is clear and convincing evidence that there is only one source as determined by the Purchasing Agent.
- B. In the event a Department or Division requests a Sole Source procurement, written evidence and report of research to support the request shall be provided to the Purchasing Agent.
- C. Negotiations involving Sole Source purchases shall not commence until the Purchasing Agent has approved the Sole Source purchase.

The Purchasing Agent handling the purchase shall negotiate with the Sole Source Bidder or Proposer, to the extent practicable, a contract advantageous to the City. All Sole Source Procurement must be documented with written determination of the basis for the Sole Source Procurement and shall be included and made part of the contract file.

The Purchasing Section is working with the City Attorney's Office to prepare a Sole Source Procurement Request Form that requires Divisions/Sections to complete this form and submit to the Purchasing Section for review and approval of the requested Sole Source Procurement.

All staff summaries with a recommended action for a Sole Source Procurement will outline in the Background Section, categorically, the following information to better translate the Sole Source Procurement process conducted by staff:

- Completed Sole Source Procurement Request Form;
- Documentation of Due Diligence; and
- Written Determination of Purchasing Agent.

RECOMMENDATION / CONCLUSION

This report is for information only.

